

MELLER DESIGN SOLUTIONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2016

Company Registration No. 5760284 (England and Wales)

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MELLER DESIGN SOLUTIONS LIMITED

COMPANY INFORMATION

Director J McGrath ACMA

Secretary J Curtis FCA

Company Number 5760284

Registered Office Unit H
Bedford Business Centre
Mile Road
Bedford
MK42 9TW

Auditor KPMG LLP, Statutory Auditor
Chartered Accountants
Altius House
One North Fourth Street
Milton Keynes
MK9 1NE

Bank Lloyds Bank
25 Gresham Street
London
EC2V 7HN

MELLER DESIGN SOLUTIONS LIMITED

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MELLER DESIGN SOLUTIONS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The director presents the Strategic Report of Meller Design Solutions Ltd ("the Company") for the year ended 31 December 2016.

Business review

Turnover was down 10% to £21.2 million (2015: £23.6 million) reflecting the fact a major customer moved to buying on a FOB basis meaning the business no longer charged for shipping or warehousing costs. Any business lost was replaced with new business and the senior management team remain focused on building relationships with customers and harnessing growth opportunities.

Operating profits of £1.5 million (2015: £1.5 million) was a satisfactory performance achieved through careful management of operating costs which reduced to £2.9 million (2015: £3.3 million)

Objectives of the Company

The Company's main objectives are for growth in sales and profitability. This will be achieved by building on the success of existing ranges with its current customers whilst seeking to expand into new markets and build relationships with new customers.

Markets

Meller Design Solutions operates in two primary markets being Beauty and Home accessories and Fragrances.

Performance

Sales performance remains satisfactory despite the tough trading conditions. Business lost has been replaced with customers appreciating high levels of innovative design and quality.

Internal cost monitoring

The Company has a clear focus on efficient cost management and has a long-term efficiency program in place to effectively manage cost. Where appropriate the Company has improved sourcing and made internal cost savings to reduce costs and preserve margins.

Risk and uncertainties

The Company operates in a competitive market place and there are a number of risks managed by the business. The primary financial risk is foreign exchange risk.

The Company's principal activity is wholesaling own label and branded toiletry products, toiletry gifts and home fragrance products and as such is reliant on both maintaining a good knowledge of ever changing customer tastes and the UK economy. Sales in luxury items will continue to be impacted by reductions in disposable income and any further downturn in the UK economy may impact results.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016

Foreign currency risk

The Company's activities expose it to the financial risk of changes in foreign currency, principally the US dollar, Polish Zloty, Chinese Yuan and Thai Baht. The company manages these risks by using hedging techniques where appropriate. Foreign currency purchases are hedged with forward currency contracts where deemed appropriate and where possible natural hedging is utilised.

Raw material price risk

The business has diversified risk where possible through using a variety of suppliers and, where practical, securing required raw materials in advance.

The Company does not use derivative financial instruments for speculative purposes.

Liquidity risk

The Company actively manages its working capital to ensure the company has sufficient available funds for operations and planned expansion.

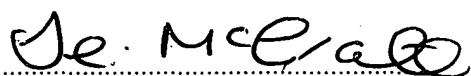
Further developments

The director is focused on profitable growth.

The company continues to invest in product innovation and brand awareness.

Operational efficiencies are continually under review across the supply chain and are a principal focus for the Company.

On behalf of the board



J McGrath ACMA

Director

3rd July 2017

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The director presents the report and financial statements for the year ended 31 December 2016. The Company registration number is 5760284.

Principal activities, review of the business and future developments

The principal activity of the Company continued to be that of import and sale of own label and branded toiletry products, toiletry gifts and home fragrance products. The Company's director considers the financial position and the business performance to be satisfactory. The Company has kept close control over costs and the director will continue to monitor cost levels to ensure an adequate return is achieved in the current economic climate.

The Company plans to continue its existing business in the year to come and will work extensively with existing clients and suppliers whilst developing new relationships. The Company will continue to invest in its own employees to maintain its competitiveness.

Results and dividends

The results for the year are set out on page 8. The director proposes a final dividend in respect of the financial year of £1,583,907 (2015: £1,769,128). Dividends of £1,769,128 in relation to the previous financial year were paid during the year (2015: £956,000).

Directors

The director did not have any interest in the share capital of the Company at any time during the current or prior year.

The following director has held office since 1 January 2016:

J C McGrath ACMA

Political donations

The company made no political donations during the current year or prior year

Statement of disclosure to auditor

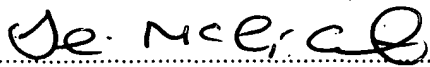
The director who held office at the date of approval of this director's report confirms that, so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware; and he has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

DIRECTOR'S REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the board



J McGrath ACMA

Director

3rd July 2017

Unit H Bedford Business Centre
Mile Road
Bedford
MK42 9TW

STATEMENT OF DIRECTOR'S RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTOR'S REPORT AND THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

The director is responsible for preparing the Strategic Report, the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including *FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the director must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MELLER DESIGN SOLUTIONS LIMITED

We have audited the financial statements of Meller Design Solutions Limited for the year ended 31 December 2016 set out on pages 8 to 20. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including *FRS 102 The Financial Reporting Standard applicable in the UK and the Republic of Ireland*.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Director's Responsibilities Statement set out on page 5 the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Director's Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the strategic report and the Director's report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MELLER DESIGN SOLUTIONS LIMITED (CONTINUED)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

P Marco

**Pamela Marco (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor**

3rd July 2017

Chartered Accountants

Altius House

One North Fourth Street

Milton Keynes

MK9 1NE

MELLER DESIGN SOLUTIONS LIMITED**PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Notes	2016 £	2015 £
Turnover	2	21,236,894	23,610,207
Cost of sales		<u>(16,874,976)</u>	<u>(18,904,818)</u>
Gross profit		4,361,918	4,705,389
Distribution costs		(232,171)	(294,671)
Administrative expenses		<u>(2,634,132)</u>	<u>(2,956,150)</u>
Operating profit	3	1,495,615	1,454,568
Interest payable and similar charges	4	<u>(25,445)</u>	<u>(22,931)</u>
Profit on ordinary activities before taxation		1,470,170	1,431,637
Tax on profit on ordinary activities	5	<u>(312,259)</u>	<u>(307,594)</u>
Profit for the financial year		<u>1,157,911</u>	<u>1,124,043</u>

The company had no other comprehensive income for the year and hence the profit for the year represents the total comprehensive income for the year. All results arise from continuing operations.

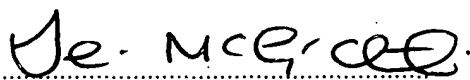
The notes on pages 11 to 20 form part of these financial statements.

MELLER DESIGN SOLUTIONS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2016

	Notes	2016 £	2016 £	2015 £	2015 £
Fixed assets					
Tangible assets	6		61,792		38,096
Current assets					
Stocks	7	672,448		466,379	
Debtors	8	10,153,380		10,923,631	
Cash at bank and in hand		449,590		2,571,145	
		11,275,418		13,961,155	
Creditors: amounts falling due within one year	9	<u>(5,691,981)</u>		<u>(7,748,946)</u>	
Net current assets			<u>5,583,437</u>		<u>6,212,209</u>
Total assets less current liabilities			5,645,229		6,250,305
Provision for liabilities	10		(6,141)		-
Net assets			<u>5,639,088</u>		<u>6,250,305</u>
Capital and reserves					
Called up share capital	12		1		1
Profit and loss account			<u>5,639,087</u>		<u>6,250,304</u>
Shareholders' funds			<u>5,639,088</u>		<u>6,250,305</u>

The financial statements were approved by the Board on 3rd July 2017.



J McGrath ACMA
Director
Company registration number: 5760284

The notes on pages 11 to 20 form part of these financial statements.

MELLER DESIGN SOLUTIONS LIMITED

STATEMENT OF CHANGES IN EQUITY

AS AT 31 DECEMBER 2016

	Called up Share capital £	Profit and loss account £	Total equity £
Balance at 1 January 2015	1	6,082,261	6,082,262
Total comprehensive income for the period			
Profit or loss	-	1,124,043	1,124,043
Total comprehensive income for the period	-	1,124,043	1,124,043
Dividends	-	(956,000)	(956,000)
Total contributions by and distributions to owners	-	(956,000)	(956,000)
Balance at 31 December 2015	1	6,250,304	6,250,305

	Called up Share capital £	Profit and loss account £	Total equity £
Balance at 1 January 2016	1	6,250,304	6,250,305
Total comprehensive income for the period			
Profit or loss	-	1,157,911	1,157,911
Total comprehensive income for the period	-	1,157,911	1,157,911
Dividends	-	(1,769,128)	(1,769,128)
Total contributions by and distributions to owners	-	(1,769,128)	(1,769,128)
Balance at 31 December 2016	1	5,639,087	5,639,088
Set aside for dividends declared after the reporting period		(1,583,907)	(1,583,907)
Total		4,055,180	4,055,181

MELLER DESIGN SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting policies

Meller Design Solutions Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling.

FRS 102 granted certain first-time adoption exemptions from the full requirements of FRS 102. The following exemptions have been taken in these financial statements:

- Lease arrangements – in order to determine whether an arrangement contains a lease, the Company has analysed facts and circumstances existing at 1 January 2014 rather than commencement date of arrangement.
- Lease incentives – for leases commenced before 1 January 2014 the Company continued to account for lease incentives under previous UK GAAP.

The Company's parent undertaking, Meller Group Limited, includes the Company in its consolidated financial statements. The consolidated financial statements of Meller Group Limited are available to the public and may be obtained from Unit H, Bedford Business Centre, Mile Road, Bedford, Bedfordshire, MK42 9TW. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1. Measurement convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2. Going concern

The financial statements have been prepared on the going concern basis of accounting which the director believes to be appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the group to continue to trade as a going concern.

MELLER DESIGN SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (*CONTINUED*) FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting policies (*continued*)

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.4 Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following conditions:

- a) They include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- b) Where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.5 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

MELLER DESIGN SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting policies (continued)

1.6 Other financial instruments

Financial instruments not considered to be basic financial instruments (other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss.

1.7 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

The Company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

Improvements to premises	over the term of the lease
Fixtures, fittings & equipment	33% per annum straight line basis
Motor vehicles	25% per annum straight line basis

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.8 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

MELLER DESIGN SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (*CONTINUED*) FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting policies (*continued*)

1.9 Stocks

Stocks are valued at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity. Provision is made for obsolete and slow moving items.

1.10 Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.11 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

1.12 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

MELLER DESIGN SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting policies (continued)

1.12 Taxation (continued)

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that are expected to apply to the reversal of the related difference using tax rates enacted or substantially enacted by the balance sheet date. Deferred tax are not discounted.

2. Turnover

The total turnover of the Company for the period has been derived from its principal activity wholly undertaken in the United Kingdom and relating to the sale of goods.

3. Operating profit

	2016 £	2015 £
Operating profit is stated after charging:		
Depreciation of tangible assets	19,892	23,175
Operating lease rentals	69,075	85,971
Auditor's remuneration:		
Audit of these financial statements	8,425	6,766
Taxation compliance services	3,500	4,077

4. Interest payable

	2016 £	2015 £
On bank loans and overdrafts	25,445	22,931

MELLER DESIGN SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

5. Tax on profit on ordinary activities

	2016 £	2015 £
The taxation for the period comprised:		
Current tax		
Current tax on income for the period	285,659	288,786
Adjustment in respect of prior periods	17,550	16,150
Total current tax	<u>303,209</u>	<u>304,936</u>
Deferred tax (see note 10)		
Origination and reversal of timing differences	8,875	3,147
Adjustment in respect of prior periods	14	(1,162)
Effect of tax rate change on opening balance	161	673
Total deferred tax	<u>9,050</u>	<u>2,658</u>
Total tax on profit on ordinary activities	<u>312,259</u>	<u>307,594</u>

	£	2016 £	£	2015 £	£
	Current tax	Deferred tax	Total tax	Current tax	Deferred tax
Recognised in profit and loss account	303,209	9,050	312,259	304,936	2,658
Total tax	<u>303,209</u>	<u>9,050</u>	<u>312,259</u>	<u>304,936</u>	<u>2,658</u>

	2016 £	2015 £
Reconciliation of effective tax rate:		
Profit on ordinary activities before taxation	<u>1,470,170</u>	<u>1,431,637</u>
Theoretical tax at UK corporation tax rate 20% (2015: 20.25%)	294,034	289,906
Effects of:		
Non deductible expenses	2,066	2,420
Adjustment in respect of prior periods	17,564	14,988
Impact of rate difference between deferred and current tax	(1,405)	280
Total tax expense included in Profit and Loss	<u>312,259</u>	<u>307,594</u>

MELLER DESIGN SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

5. Tax on profit on ordinary activities (continued)

From 1 April 2015, the main rate of corporation tax was reduced to 20%. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantially enacted on 6 September 2016.

This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2016 has been calculated based on the rate in force on the expected date the underlying temporary differences will reverse.

6. Tangible fixed assets

	Improvements to premises £	Plant and machinery £	Motor vehicles £	Total £
Cost				
At 1 January 2016	89,041	307,471	22,684	419,196
Additions	-	43,588	-	43,588
At 31 December 2016	89,041	351,059	22,684	462,784
Depreciation				
At 1 January 2016	59,400	301,564	20,136	381,100
Charge for the year	8,905	8,439	2,548	19,892
At 31 December 2016	68,305	310,003	22,684	400,992
Net book value				
At 31 December 2016	20,736	41,056	-	61,792
At 31 December 2015	29,641	5,907	2,548	38,096

MELLER DESIGN SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

7. Stocks

	2016 £	2015 £
Finished goods and packaging materials	<u>672,448</u>	<u>466,379</u>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £15,122,788 (2015: £18,150,147). The write-down of stocks to net realisable value amounted to £nil (2015: £52,608). The write down is included in the cost of sales.

8. Debtors

	2016 £	2015 £
Trade debtors	6,136,680	6,897,094
Deferred tax asset	-	2,910
Amounts owing from fellow subsidiary undertakings	3,716,530	3,716,530
Prepayments and accrued income	300,170	307,097
	<u>10,153,380</u>	<u>10,923,631</u>

9. Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	1,253,540	1,246,989
Other creditors	-	15,655
Amounts owed to parent and fellow subsidiary undertakings	3,270,524	4,004,603
Corporation tax	169,742	201,847
Other taxes and social security costs	230,533	1,486,358
Accruals and deferred income	767,642	793,494
	<u>5,691,981</u>	<u>7,748,946</u>

10. Provisions for liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2016 £	2015 £	Liabilities 2016 £	2015 £	Net 2016 £	2015 £
Accelerated capital allowances	(23,559)	(38,402)	-	-	(23,559)	(38,402)
Other	-	-	29,700	35,492	29,700	35,492
Net tax (assets) / liabilities	<u>(23,559)</u>	<u>(38,402)</u>	<u>29,700</u>	<u>35,492</u>	<u>6,141</u>	<u>(2,910)</u>

MELLER DESIGN SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

11. Commitments

Commitments under non-cancellable operating leases are as follows:

	2016 Land and buildings £	Other £	2015 Land and buildings £	Other £
Operating leases which expire:				
Within one year	57,446	-	77,245	2,175
In the second to fifth years inclusive	3,900	-	58,986	-
	<u>61,346</u>	<u>-</u>	<u>136,231</u>	<u>2,175</u>

12. Share capital

	2016 £	2015 £
Allotted, called up and fully paid		
100 Ordinary shares of £0.01 each	<u>1</u>	<u>1</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

Dividends

After the balance sheet date total dividends of £1,583,907 equivalent to £15,839 per qualifying ordinary share (2015: £1,769,128; £17,691) were proposed by the director. The dividends have not been provided for. £1,150,000 of these dividends were paid on 7 April 2017 to Meller Group Limited and the remainder has not yet been paid.

13. Directors' emoluments

The director is not remunerated for his services to this company.

14. Employees

Number of employees

The average monthly number of employees (including directors) during the period was:

	2016 Number	2015 Number
Office and management	18	18
Selling and distribution	21	21
	<u>39</u>	<u>39</u>

MELLER DESIGN SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (*CONTINUED*) FOR THE YEAR ENDED 31 DECEMBER 2016

14. Employees (*continued*)

Employment costs	£	£
Wages and salaries	1,465,643	1,540,739
Social security costs	172,409	156,162
Other pension costs	45,838	48,699
	<u>1,683,890</u>	<u>1,745,600</u>

Outstanding pension contributions as at 31 December 2016 was £5,530.

15. Ultimate parent company and parent company of larger group

The Company's parent undertaking is Meller Group Limited, Unit H Bedford Business Centre, Mile Road, Bedford, MK42 9TW, incorporated in England, which heads the smallest and largest group in which the results of the Company are consolidated. Copies of the group financial statements of Meller Group Limited are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ. The company's ultimate parent undertaking and controlling party is CS Holdings Limited, Unit H Bedford Business Centre, Mile Road, Bedford, MK42 9TW, a company incorporated in Jersey.

16. Contingent liabilities

The Company has guaranteed the borrowings of its parent company and other subsidiaries as part of group banking arrangements. This guarantee is secured by a fixed and floating charge over the assets of the companies involved. At 31 December 2016 the contingent liability in respect of this guarantee was £1,800,000 (2015: £1,800,000).

The Company is included in a group registration for VAT purposes with its parent and other fellow subsidiary companies. All members of the VAT group are jointly and severally liable for the total amount of VAT due and at 31 December 2016 the contingent liability in respect of this group registration was £92,699 (2015: £1,252,471).